Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Securities Code: 5208
June 10, 2021

To our shareholders:

Yuta Arisawa
President and Representative Director
Arisawa Mfg. Co., Ltd.
5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata

Notice of the 73rd Annual General Meeting of Shareholders

We are pleased to announce the 73rd Annual General Meeting of Shareholders of Arisawa Mfg. Co., Ltd. (the "Company"), which will be held as stated below.
In order to prevent the spread of the novel coronavirus disease (COVID-19) and for the safety of our shareholders, we strongly ask that you refrain from traveling to the venue of the General Meeting of Shareholders regardless of your own state of health, and exercise your voting rights prior to the meeting by voting form (by mail) or via the internet and other means, if at all possible.
If you exercise your voting rights either by mail or via the internet and other means, the deadline by which voting rights must be exercised is 5:00 p.m. on Thursday, June 24, 2021 (JST). We appreciate your cooperation.

1. Date and Time: Friday, June 25, 2021 at 10:00 a.m. (Reception will open at 9:00 a.m.) (JST)

2. Venue: Conference Room, Head Office of the Company
5-5 Minami-honcho 1-chome, Joetsu-shi, Niigata
The Company is taking exhaustive steps to minimize the possibility of COVID-19 infection at the venue of the General Meeting of Shareholders. We ask for your understanding and cooperation in preventing the spread of COVID-19.

(i) We ask that you exercise your voting rights prior to the meeting by mail or via the internet and other means, and refrain from traveling to the venue of the General Meeting of Shareholders.

(ii) To shorten the duration of the General Meeting of Shareholders, questions regarding the matters to be reported will be limited to be as brief as possible, and a time limit will be placed on questions relating to proposals, which means sometimes a question will be cut short.

(iii) Alcohol-based hand sanitizer for shareholders will be placed at the entrance of the venue. We ask shareholders who attend the meeting to bring and wear face masks.
The Company's officers and staff members will wear face masks when interacting with shareholders.

(iv) Shareholders will have their temperature checked near the entrance of the venue. Those who are confirmed to have fever of 37.5 degrees Celsius or above or appear to be unwell may be asked to refrain from entering the venue.

(v) To ensure sufficient social distancing is practiced, a second meeting venue will be made available in addition to the Head Office Conference Room. Please be aware that you will be shown to the second meeting venue if the Head Office Conference Room's seating capacity is reached.

* On the day, we will be providing a livestreaming of the meeting for shareholders via the Internet. For details, please refer to the enclosed "Information on the Livestreaming." (Japanese only)
* The above response measures are subject to change based on the status of the spread of the infection as well as announcements from government administrations and other such bodies up until the day of the General Meeting of Shareholders. Please check for information about any changes that will be posted on the Company's website (http://www.arisawa.co.jp/).

3. Purpose of the Meeting

Matters to be reported:

1. Business Report and Consolidated Financial Statements for the 73rd Fiscal Year (April 1, 2020 to March 31, 2021) and Audit Reports of Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors
2. Non-consolidated Financial Statements for the 73rd Fiscal Year (April 1, 2020 to March 31, 2021)

Matters to be resolved:

Company Proposals (Proposal No. 1 to 4)

Proposal No. 1	Appropriation of Surplus
Proposal No. 2	Election of Nine Directors
Proposal No. 3	Election of Two Substitute Corporate Auditors
Proposal No. 4	Determination of Remuneration for Granting Shares with Transfer Restrictions to Directors

Shareholder Proposals (Proposal No. 5 to 8)

Proposal No. 5	Deletion of "Holding and Managing Securities" From the Company's Purpose Set Out in the Articles of Incorporation
Proposal No. 6	Amendments to the Articles of Incorporation Related to the Sale of Strategic Shareholdings
Proposal No. 7	Appropriation of Surplus
Proposal No. 8	Reversal of General Reserve

Please refer to the attached Reference Documents for General Meeting of Shareholders (pages 15 to 19) for the agendas of the shareholder proposals (Proposal No. 5 to 8).

- When attending on the day of the meeting, please submit the enclosed voting form to reception. Please note that entry will not be granted to shareholders who do not submit the form to reception.
  If you exercise your voting rights by proxy, another shareholder with a voting right of the Company may attend General Meeting of Shareholders as your proxy. In this case, however, please submit written document certifying the authority of proxy with the voting form at the reception.
- No gifts will be provided to shareholders who attend the Annual General Meeting of Shareholders. Your understanding is appreciated.
- Any changes in the Reference Documents for General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Company's website (http://www.arisawa.co.jp/).

Reference Documents for General Meeting of Shareholders

Company Proposals (Proposal No. 1 to 4)

Proposal No. 1 Appropriation of Surplus

The Company regards the return of earnings to shareholders as an important management issue, and will provide stable and active return of earnings to shareholders while investing funds for the maintenance and expansion of the revenue base for existing businesses, and for the development of new applications.

In line with this policy, the Company proposes the appropriation of surplus for the fiscal year as follows:

1. Year-end dividends
   (1) Type of dividend property
   Cash
   (2) Allotment of dividend property and their aggregate amount
   The Company proposes to pay a dividend of ¥39 per common share of the Company.
   Total amount: ¥1,300,039,065
   (3) Effective date of payment of surplus available for dividends
   June 28, 2021

2. Other appropriation of surplus
   (1) Item of surplus to be increased and amount of increase
   Retained earnings brought forward: ¥3,000,000,000
   (2) Item of surplus to be decreased and amount of decrease
   General reserve: ¥3,000,000,000

Proposal No. 2 Election of Nine Directors

At the conclusion of the Annual General Meeting of Shareholders, the terms of office of all seven Directors will expire. Therefore, the Company proposes the election of nine Directors.
The candidates for Director are as follows, and their career summaries, etc. are those as of June 1, 2021:

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Yuta Arisawa (July 25, 1969)	Apr. 1992 Joined Mitsubishi Electric Corporation Feb. 2002 Joined JPMorgan Securities Japan Co., Ltd. Aug. 2003 Joined the Company Apr. 2007 Assistant General Manager, Manufacturing Dept. Apr. 2009 Operating Officer June 2010 Director and Senior Operating Officer June 2011 Director and Senior Managing Operating Officer June 2014 President and Representative Director (current position) June 2015 Chief Operating Officer (COO) June 2017 Chief Executive Officer (CEO) (current position)	79,200 shares
	(Reasons for nomination as candidate for Director) After serving in the corporate planning, manufacturing and sales departments, Yuta Arisawa became President and Representative Director in 2014. Since assuming that role, he has been promoting business reform with an emphasis on medium- to long-term growth based on the corporate philosophy while looking over the entire Group with a global perspective. The Company deems that he is a suitable manager to play a leadership role to accelerate innovative changes based on his abundant insight, experience and achievements cultivated through such corporate management experience. He is nominated as a candidate for Director because he is expected to promote information sharing and reinforce the decision-making function of the Board of Directors as a member of the Board of Directors.		
2	Yoshihiko Toda (January 24, 1958)	Mar. 1981 Joined the Company July 1996 General Manager, Tokyo Branch June 2008 Operating Officer June 2014 Director and Senior Operating Officer, Division Chief, Electrical Insulating & Composite Materials Business Division; in charge of Electrical Insulating & Composite Materials Sales Dept. June 2017 Director and Senior Managing Operating Officer, Division Chief, Electrical Insulating & Composite Materials Business Division (current position) (Significant concurrent positions outside the Company) President and Representative Director, Arisawa Fiber Glass Co., Ltd. President and Representative Director, Arisawa Jushi Kogyo Co., Ltd.	52,229 shares
	(Reasons for nomination as candidate for Director) Yoshihiko Toda has been consistently engaged in the sales of the Company's products since his joining the Company, and manages the Electrical Insulating & Composite Materials Business Division while also being involved in the management of multiple subsidiaries. The Company deems that he is an essential person for the further increase of the products' sales in the future and for management of the Company's subsidiaries because of his proven track record of expanding the business scope of the said Division with a wide variety of business by leveraging his considerable insights and experience in the water treatment facilities business and aircraft business. He is nominated as a candidate for Director because he is expected to ensure the effectiveness of the supervisory functions of the Company's Board of Directors by supervising the execution of duties by Operating Officers and others based on his abundant practical experience.		

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">3</td><td>Osamu Nakajima
(June 5, 1965)</td><td>Apr. 1989
May 2011

Apr. 2013

July 2014

Oct. 2015

Oct. 2015

June 2016</td><td>Joined Mitsui & Co., Ltd.
Department Manager, Solar Business Div., Functional Chemicals Business Unit
Department Manager, Advanced Materials Div., Functional Chemicals Business Unit
Department Manager, Business Development Div., Basic Chemicals Business Unit
Joined the Company as General Manager, Electronic Materials Sales Dept.
Operating Officer in charge of Electronic Materials Sales Dept.
Director and Senior Operating Officer, Division Chief, Electronic Materials Business Division; in charge of Electronic Materials Sales Dept. (current position)</td><td>16,307 shares</td></tr>
<tr><td colspan="4">(Reasons for nomination as candidate for Director)
Osamu Nakajima has been managing the Electronic Materials Business Division since his joining the Company after holding successive management posts in sales and development in the Functional Chemicals Business Unit of Mitsui & Co., Ltd. The Company deems that he is an essential person for the further increase of the products' sales in the future and for the quality improvement of the Company's subsidiaries because of his proven track record of expanding the Group's business scope by leveraging his abundant sales experience, including his experience working overseas and his development oriented viewpoint. He is nominated as a candidate for Director because he is expected to ensure the effectiveness of the supervisory functions of the Company's Board of Directors by supervising the execution of duties by Operating Officers and others based on his abundant practical experience.</td></tr>
<tr><td rowspan="2">4</td><td>*
Takeshi Masuda
(April 3, 1963)</td><td>Oct. 1990
Nov. 2003
July 2008

Oct. 2010
June 2011

June 2015

June 2016

June 2017</td><td>Joined the Company
Group Leader, Administration Planning Group
Assistant General Manager, Manufacturing Dept.
General Manager, Corporate Planning Dept.
Operating Officer in charge of Corporate Planning Dept.
Operating Officer in charge of Corporate Planning Dept. and Accounting Dept.
Operating Officer; Deputy Division Chief, Administration Division; in charge of Corporate Planning Dept., Accounting Dept., and Human Resources Dept.
Operating Officer; Deputy Division Chief, Administration Division; in charge of Corporate Planning Dept. and Accounting Dept. (current position)</td><td>12,727 shares</td></tr>
<tr><td colspan="4">(Reasons for nomination as candidate for Director)
Takeshi Masuda has served as the contact person in the IR contact operations of the Group, and manages the Corporate Planning and Accounting Dept. while also being involved in the management of multiple subsidiaries. The Company deems him an essential person for achieving further efficiency of management and improving corporate governance in the future, as he has a strong track record relating to the formulation and execution of the Company's management strategies, and joint ventures, M&A, etc. involving overseas and domestic companies. He is nominated as a candidate for Director because he can be expected to ensure the effectiveness of the supervisory functions of the Company's Board of Directors by supervising the execution of duties by Operating Officers and others based on his abundant practical experience.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">5</td><td>Yutaka Tsukahara
(December 21, 1945)</td><td>Apr. 1968
June 1999
June 2001
June 2003
May 2005
June 2010
June 2017</td><td>Joined Fuji Heavy Industries Ltd. (presently Subaru Corporation)
Vice President and Senior General Manager, Japan Sales & Marketing Div.
Senior Vice President and Chief General Manager, Japan Region, Subaru Sales & Marketing Div.
Senior Vice President and Chief General Manager, Subaru Product & Portfolio Planning Div.
President and Representative Director, Tokyo Subaru Inc.
Retired as President and Representative Director
Director, the Company (current position)</td><td>3,000 shares</td></tr>
<tr><td colspan="4">(Reasons for nomination as candidate for outside Director and expected roles)
Yutaka Tsukahara has been involved in the automobile industry for many years through his experiences in sales and product & portfolio planning at Subaru Corporation, and he has also held successive posts as President and Representative Director at Tokyo Subaru Inc. The Company deems that he will deliver opinions from an outside perspective and increase the rationality and transparency of the Company's management by leveraging his knowledge and experience as a manager, cultivated through his career, as well as his knowledge in the automobile component industry. He is nominated as a candidate for outside Director in the expectation that he would supervise the decision making and business execution by managements and Directors from an independent standpoint.</td></tr>
<tr><td rowspan="2">6</td><td>Koji Nakamura
(August 15, 1948)</td><td>Apr. 1973
Apr. 2004
Apr. 2006
Apr. 2009
Mar. 2011
Aug. 2011
Aug. 2016
June 2020</td><td>Joined Mitsui & Co., Ltd.
Managing Officer; Chief Operating Officer of Synthetic Resins and Inorganic Chemicals Business Unit
Executive Managing Officer; Chief Operating Officer of Chemicals Business Unit II
Senior Executive Managing Officer; Chief Operating Officer of EMEA (Europe, the Middle East and Africa) Business Unit
Retired as Senior Executive Managing Officer
Audit & Supervisory Board Member, SANKO Co., Ltd. (current position)
Outside Director, Sanko Gosei Ltd. (current position)
Director, the Company (current position)</td><td>- shares</td></tr>
<tr><td colspan="4">(Reasons for nomination as candidate for outside Director and expected roles)
Koji Nakamura has been involved in corporate management in Japan and overseas for many years, having served as Senior Executive Managing Officer of Mitsui & Co., Ltd. and as Director at Sanko Gosei Ltd. The Company deems that he has extensive insight and knowledge regarding global management from his experience as a managing officer at a global company and that he will deliver opinions from an outside perspective with regard to the overall management of the Company, particularly in the area of business strategy, and increase the rationality and transparency of the Company's management. He is nominated as a candidate for outside Director in the expectation that he would supervise the decision making and business execution by managements and Directors from an independent standpoint.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company’s shares owned</th></tr>
<tr><td rowspan="2">7</td><td>Kazuo Abiko
(January 22, 1947)</td><td>Nov. 1978
May 1985
July 2001

Apr. 2004

July 2004
Feb. 2010
July 2018
June 2020</td><td>Joined Associated Press
Deputy General Manager of Tokyo Studio
President, Foreign Correspondents’ Club of Japan
General Manager of Tokyo Studio, Associated Press
General Manager for Northeast Asia
Advisor
Auditor, Foreign Correspondents’ Club of Japan
Director, the Company (current position)</td><td>- shares</td></tr>
<tr><td colspan="4">(Reasons for nomination as candidate for outside Director and expected roles)
After graduating from Graduate School of The California State University, Kazuo Abiko was appointed the General Manager of Tokyo Studio and General Manager for Northeast Asia at Associated Press while also working as the President of Foreign Correspondents’ Club of Japan. The Company deems that he will deliver opinions from an outside perspective and increase the rationality and transparency of the Company’s management by leveraging his knowledge in international communication and standards and ethics of journalism, including his work as a part-time lecturer at Tokyo University of Foreign Studies and Sophia University thereafter. He is nominated as a candidate for outside Director in the expectation that he would supervise the decision making and business execution by managements and Directors from an independent standpoint.</td></tr>
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<tr><th>Candidate No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summary, and position and responsibility in the Company
(Significant concurrent positions outside the Company)</th><th>Number of the Company's shares owned</th></tr>
<tr><td rowspan="2">8</td><td>*
Hirotoshi Takada
(August 10, 1953)</td><td>Mar. 1977
Apr. 2003
June 2005
June 2008
Apr. 2011
Apr. 2011
June 2011

Mar. 2012

June 2013

Mar. 2014

Apr. 2014
June 2015

July 2015

July 2015

Mar. 2016

June 2017

June 2019</td><td>Joined NIPPON SEIKI CO., LTD.
Director and President, UK-NSI Co., Ltd.
Director, NIPPON SEIKI CO., LTD.
Managing Director
Representative Senior Managing Director
General Manager, Sales Division
Chairman, Wuhan Nissei Display System Co., Ltd.
Chairman, Nissei Display Sales and Development Co., Ltd.
President and Representative Director, NIPPON SEIKI CO., LTD.
Chairman, Dongguan Nissei Electronics Co., Ltd.
Chairman, Hong Kong Nippon Seiki Co., Ltd.
President and Representative Director, Executive Officer, NIPPON SEIKI CO., LTD.
Chairman, Hong Kong Ek Chor Nissei Co., Ltd.
Chairman, Shanghai Nissei Display System Co., Ltd.
Chairman and Director, Thai Nippon Seiki Co., Ltd.
Vice Chairman and Director, Executive Officer, NIPPON SEIKI CO., LTD.
Retired from NIPPON SEIKI CO., LTD.</td><td>- shares</td></tr>
<tr><td colspan="4">(Reasons for nomination as candidate for outside Director and expected roles)
Hirotoshi Takada has served the Representative Director of NIPPON SEIKI CO., LTD. and as Chairman, etc. of overseas subsidiaries, has been engaged over many years in sales and product planning, etc. in the automobile industry; has a deep knowledge of that industry. The Company deems that he will deliver opinions from an outside perspective and increase the rationality and transparency of the Company by leveraging his abundant experience and broad knowledge as a manager of a company in the manufacturing industry with a global business. He is nominated as a candidate for outside Director in the expectation that he would supervise the decision making and business execution by managements and Directors from an independent standpoint.</td></tr>
<tr><td rowspan="2">9</td><td>*
Miho Numata
(April 18, 1975)</td><td>Dec. 2009

Jan. 2016
Apr. 2018

June 2020</td><td>Registered as an attorney at law and joined NUMATA LAW OFFICE
Representative (current position)
Civil Conciliation Commissioner, Tokyo Summary Court (current position)
Outside Corporate Auditor, Tokyo Boeki Holdings Corporation (current position)</td><td>- shares</td></tr>
<tr><td colspan="4">(Reasons for nomination as candidate for outside Director and expected roles)
Miho Numata is Representative of NUMATA LAW OFFICE, and by serving as Civil Conciliation Commissioner of Tokyo Summary Court and as Outside Corporate Auditor of Tokyo Boeki Holdings Corporation, while managing the law office, she has a well-balanced career. The Company deems that she will deliver opinions from an outside perspective and increase the rationality and transparency of the Company by using her in-depth knowledge and experience as a legal expert who has worked as an attorney at law for many years, and her sophisticated knowledge relating to governance and compliance, etc. She is nominated as a candidate for outside Director in the expectation that she would provide supervision and advice from an independent standpoint and an objective and legal point of view.</td></tr>
</table>

Notes:
1. New candidates for Director are indicated by an asterisk (*).
2. There is no special interest between any of the candidates for Director and the Company.
3. The number of the Company's shares owned is based on the shareholder register as of March 31, 2021.
4. The number of the Company's shares owned by each candidate for Director includes those acquired through the shareholding plan.
5. Among the candidates for Director, Yutaka Tsukahara, Koji Nakamura, Kazuo Abiko, Hirotoshi Takada and Miho Numata are candidates for outside Director.
   At the conclusion of this Annual General Meeting of Shareholders, Yutaka Tsukahara's tenure as outside Director of the Company will have been four years.
   At the conclusion of this Annual General Meeting of Shareholders, Koji Nakamura's tenure as outside Director of the Company will have been one year.
   At the conclusion of this Annual General Meeting of Shareholders, Kazuo Abiko's tenure as outside Director of the Company will have been one year.
6. The Company has submitted notification to Tokyo Stock Exchange, Inc. that among the candidates for Director, Yutaka Tsukahara, Koji Nakamura and Kazuo Abiko have currently been designated as independent officers.
   Yutaka Tsukahara, Koji Nakamura, Kazuo Abiko, Hirotoshi Takada and Miho Numata are candidates to be appointed as independent officers as provided for by Tokyo Stock Exchange, Inc. If their election is approved, they will be appointed as independent officers as provided for by Tokyo Stock Exchange, Inc.
7. Currently, the Company has entered into limited liability agreements with each candidate for Director Yutaka Tsukahara, Koji Nakamura, and Kazuo Abiko.
   If the election of Yutaka Tsukahara, Koji Nakamura, Kazuo Abiko, Hirotoshi Takada and Miho Numata is approved, the Company intends to enter into a limited liability agreement with them pursuant to the provisions of Article 427, paragraph (1) of the Companies Act. The outline of the details of the limited liability agreements is as follows:
   - If an outside Director is liable to the Company for failing to perform his/her duties, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph (1) of the Companies Act.
   - The said limited liability agreement shall be effective as long as the outside Director had acted in good faith and without gross negligence in performing his/her duties that caused the damage.
8. The Company has entered into a directors and officers liability insurance policy as set forth in Article 430-3, paragraph (1) of the Companies Act with an insurance company. Under the policy, the Directors of the Company are insureds and the Company bears the full cost of the premiums. The policy will cover losses that may arise from liability incurred by a Director who is an insured in the course of their performance of duties, or receipt of claims pertaining to the pursuit of such liability. If each candidate is appointed as a Director, each of them will become an insured under the policy. In addition, when the policy is renewed, the Company plans to renew the policy with the same terms.

(Reference) Expertise and experience of each Director and Corporate Auditor

If this proposal is approved and adopted, the Company's Board of Directors, including the Corporate Auditors who do not face election at this meeting, will be composed of members with the following skills.

		Independent	Corporate management experience	Experience in key business/ industry	Finance/ accounting	Legal/ compliance	Governance risk management	International experience
Representative Director	Yuta Arisawa		○	○			○	○
Director	Yoshihiko Toda			○			○	
Director	Osamu Nakajima			○			○	○
Director	Takeshi Masuda				○		○	
Outside Director	Yutaka Tsukahara	○	○	○			○	
Outside Director	Koji Nakamura	○	○	○			○	○
Outside Director	Kazuo Abiko	○	○				○	○
Outside Director	Hirotoshi Takada	○	○	○			○	○
Outside Director	Miho Numata	○	○			○	○	
Corporate Auditor	Koji Ohta				○	○	○	
Outside Corporate Auditor	Koichiro Tanaka	○	○		○		○	○
Outside Corporate Auditor	Koichi Yokota	○	○		○		○	

Proposal No. 3 Election of Two Substitute Corporate Auditors

The Company proposes the election of two substitute Corporate Auditors in advance to be ready to fill vacant positions should the number of Corporate Auditors fall below the number required by laws and regulations. The consent of the Board of Corporate Auditors has been obtained for this proposal.

The candidates for substitute Corporate Auditor are as follows: Hiroshi Hayatsu is to be elected as a substitute for Corporate Auditor Koji Ohta, and Hideyuki Baba is to be elected as a substitute for outside Corporate Auditors Koichiro Tanaka and Koichi Yokota. The Company shall reserve the right to nullify the validity of their election by resolution of the Board of Directors as long as the consent of the Board of Corporate Auditors is obtained; provided, however, that it is only in a time before they assume office.

The candidates for substitute Corporate Auditor are as follows, and their career summaries, etc. are those as of June 1, 2021.

Candidate No.	Name (Date of birth)	Career summary and position in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Hiroshi Hayatsu (March 13, 1957)	Apr. 1975 Joined the Company Apr. 2001 Group Leader, Information System Group May 2010 General Manager, Human Resources Dept. Apr. 2012 General Manager, General Affairs Dept. Mar. 2017 Resigned from the Company	1,767 shares
2	Hideyuki Baba (March 29, 1964)	Apr. 1998 Registered at Niigata Bar Association Apr. 2003 Representative, Hideyuki Baba Law Office (current position)	- shares

Notes:
1. There is no special interest between any of the candidates for substitute outside Corporate Auditor and the Company other than the monthly payment of advisory fees of ¥45,000 to Hideyuki Baba for legal advisory.
2. The number of the Company's shares owned is based on the shareholder register as of March 31, 2021.
3. Hiroshi Hayatsu has been nominated as a substitute Corporate Auditor because the Company deems he will appropriately fulfill his duties as a Corporate Auditor of the Company based on his involvement in general affairs, accounting, human resources and information systems operations during his tenure at the Company as well as his broad knowledge and experience, such as in legal affairs and finance.
4. Hideyuki Baba has been nominated as a substitute outside Corporate Auditor because the Company deems he will appropriately fulfill his duties as an outside Corporate Auditor of the Company from his independent and neutral standpoint based on his extensive experience and expert knowledge as an attorney at law.
5. If Hideyuki Baba is appointed as an outside Corporate Auditor, the Company intends to enter into a limited liability agreement with him pursuant to Article 427, paragraph (1) of the Companies Act, and the outline of the limited liability agreement is as follows:
   - If an outside Corporate Auditor is liable to the Company for failing to perform his/her duties, the maximum amount of liability for compensation for damage to the Company shall be the Minimum Liability Amount provided in Article 425, paragraph (1) of the Companies Act.
   - The said limited liability agreement shall be effective as long as the person had acted in good faith and without gross negligence in performing his/her duties that caused the damage.
6. If Hiroshi Hayatsu and Hideyuki Baba are appointed as outside Corporate Auditors, the Company will include both of them as insureds in the directors and officers liability insurance policy as set forth in Article 430-3, paragraph (1) of the Companies Act.
7. If Hideyuki Baba is appointed as an outside Corporate Auditor, he will be designated as an independent officer as provided for by Tokyo Stock Exchange, Inc.

Proposal No. 4 Determination of Remuneration for Granting Shares with Transfer Restrictions to Directors

The Company received approval at the 56th General Meeting of Shareholders held on June 29, 2004 for the amount of remuneration, etc. for Directors of the Company being not more than ¥30 million per month (not including employee salaries for Directors who concurrently serve as employees), and received approval at the 62nd Annual General Meeting of Shareholders held on June 29, 2010 for the amount of stock option remuneration for Directors of the Company being not more than ¥50 million (100,000 shares) per year.

This time, as part of reviewing the officers' remuneration plan, instead of the current stock option remuneration, the Company intends to newly pay remuneration to grant shares with transfer restrictions ("restricted shares") to its Directors (excluding outside Directors; hereinafter referred to as "Eligible Directors") separately from the above limit of the total amount of remuneration with the aim to provide incentive to Eligible Directors to sustainably increase corporate value of the Company and promote further sharing of value with its shareholders).

If the introduction of this plan is approved at the Annual General Meeting of Shareholders, the Company will abolish the limit of the total amount of remuneration related to share acquisition rights as stock options, and will not issue share acquisition rights as stock options. In addition, if Proposal No. 2 "Election of Nine Directors" is approved and adopted as originally proposed, the number of Directors will be nine (including five outside Directors), and the 2,080 share acquisition rights (208,000 shares) that have not been exercised and are held by Eligible Directors will be waived. For an explanation on how this waiver will be made out of consideration for dilution to our shareholders, please refer to [Reference 1].

Based on this proposal, remuneration provided to Eligible Directors to grant restricted shares shall be monetary claims, and the aggregate amount shall be not more than ¥50 million per year (not including employee salaries for Directors who concurrently serve as employees). In addition, the specific timing of provision and allocation to each Eligible Director shall be determined by the Board of Directors following consultations with the Assignment and Remuneration Advisory Committee.

Based on resolution at a meeting of the Company's Board of Directors, Eligible Directors shall pay all monetary claims provided based on this proposal as contributed properties in kind and receive issuance or disposal of the Company's common shares. The total number of the Company's common shares issued or disposed of accordingly shall be not more than 50,000 shares per year (however, if a share split (including gratis allotment of the Company's common shares) or share consolidation of the Company's common shares is performed, or if any other event that requires adjustments to the total number of the Company's common shares to be issued as restricted shares or disposed of occurs, the total number shall be adjusted within a reasonable range).

The payment amount per share is determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding to the date of each resolution of the Board of Directors (if no transaction is made on that day, the closing price on the trading date immediately before that day) within the scope that is not particularly favorable to an Eligible Director who receives the common shares. Furthermore, resulting issuance or disposal of the Company's common shares and provision of monetary claims as contributed properties in kind shall be subject to the condition that a restricted share allotment agreement including the following content (hereinafter referred to as the "Allotment Agreement") is entered into between the Company and an Eligible Director. The upper limit of the remuneration amount in this proposal, the total number of the Company's common shares to be issued or disposed of, and other conditions for granting restricted shares to Eligible Directors based on this proposal have been determined in consideration of the purposes stated above, the business conditions of the Company, the policy for determining details of individual remuneration for the Company's Directors, etc. (if this proposal is approval and adopted, this policy will be changed to the content described in [Reference 2] below so that it is consistent with the approved content), and other various factors, and the Company believes that these are reasonable.

[Overview of the content of the Allotment Agreement]

(1) Transfer restriction period

Eligible Directors must not transfer, create a security right in, or otherwise dispose of the Company's common shares allotted under the Allotment Agreement (hereinafter referred to as the "Allotted Shares") in the period from the payment due date for the Allotted Shares to the point of time immediately after the time of retirement from the position predetermined by the Company's Board of Directors among the positions of officers and employees of the Company or its subsidiaries (hereinafter referred to as the "Transfer Restriction Period"; the above restrictions are collectively referred to as "Transfer Restriction").

(2) Lifting of Transfer Restriction

The Company lifts the Transfer Restriction on all the Allotted Shares at the time when the Transfer Restriction Period expires, subject to the Eligible Director remained in the position stipulated in (1) above during the period predetermined by the Company's Board of Directors (hereinafter referred to as the "Service Provision Period"). However, if the Eligible Director retires from the position stipulated in (1) above before the Service Provision Period expires due to expiration of the term of office, death or any other valid reason, the number of the Allotted Shares on which the Transfer Restriction is lifted and the timing of lifting the Transfer Restriction shall be reasonably adjusted where necessary. In addition, the Company automatically acquires the Allotted Shares on which the Transfer Restriction has not been lifted at the time immediately after the Transfer Restriction is lifted in accordance with the above provisions.

(3) Treatment for retirement from office due to other than justifiable reasons

Notwithstanding the provisions of (2) above, if an Eligible Director retires from the position stipulated in (1) above during the Transfer Restriction Period for any reasons other than valid reasons, the Company automatically acquires the Allotted Shares.

(4) Treatment during reorganization, etc.

Notwithstanding the provisions of (1) above, if a merger agreement under which the Company is to be dissolved, a share exchange agreement or share transfer agreement under which the Company is to become a wholly owned subsidiary, or any matter regarding other reorganization, etc. is approved at the Company's General Meeting of Shareholders (however, if approval at the Company's General Meeting of Shareholders is not required for the reorganization, etc., by the Company's Board of Directors) during the Transfer Restriction Period, the Transfer Restriction is lifted prior to the effective date of the reorganization, etc., on the number of the Allotted Shares reasonably determined in light of the period from the beginning of the Transfer Restriction Period to the date of approval for the reorganization, etc. In addition, if specified above, the Company automatically acquires the Allotted Shares on which the Transfer Restriction has not been lifted at the time immediately after the Transfer Restriction is lifted.

(5) Other matters

Other matters regarding the Allotment Agreement shall be determined by the Company's Board of Directors.

[Reference 1]

The number of potential shares after the forfeiture of unexercised share acquisition rights by the Eligible Directors and the maximum dilution ratio (Note) in the case where the maximum number of shares is continuously granted to the Eligible Directors for ten years in accordance with this proposal will be approximately 4.90% of the total number of issued shares, which is a structure that takes into account the dilution to shareholders caused by share-based remuneration.

Note: The maximum dilution ratio is calculated by dividing (1) the sum total of (a) 500,000 shares, which would be the total number of shares if the maximum number of common shares to be issued or disposed of by the Company of 50,000 shares per year were continuously granted for ten years, and (b) 1,132,300 shares, which is the number of shares underlying the share acquisition rights for stock options that have already been issued (excluding the stock options for which exercise rights have been forfeited for the Eligible Directors), by (2) 33,334,335 shares, which is the total number of issued shares of the Company as of March 31, 2021 (excluding the number of treasury shares).

[Reference 2]

The Company plans to change "d. policy for non-monetary remuneration, etc." in the "policy for determining details of individual remuneration for the Company's Directors, etc." (Japanese only) as follows.

Non-monetary remuneration shall be restricted share remuneration to be provided as an incentive to continuously increase the corporate value of the Company, and monetary claims shall be paid in proportion to the basic remuneration, and the Company's common shares with the Transfer Restriction shall be granted in proportion to the amount of those claims.

The total amount of monetary claims for the grant of restricted shares shall be not more than ¥50 million per year, and the total number of the Company's common shares to be granted shall not exceed 50,000 shares per year. The payment amount per share shall be an amount not particularly favorable to the Eligible Directors based on the closing price on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors.

The Transfer Restriction Period shall be until the time immediately following the time of retirement from the position of officers and employees of the Company or its subsidiaries, as predetermined by the Company's Board of Directors.

Shareholder Proposals (Proposal No. 5 to 8)
Proposal No. 5 to 8 are proposals made by shareholders (two shareholders).
The contents and reasons of proposals received are described in the original text.
A description of the relationship with the proposals has been presented under the proposal numbers, and replaced by the name of those proposals.
Unless noted as "(non-consolidated)," the figures of the Company presented in proposals are based on Consolidated Financial Statements.

Proposal No. 5 Deletion of "Holding and Managing Securities" From the Company's Purpose Set Out in the Articles of Incorporation

1. Content of the Proposal
   Delete the current Article 2(6) from the Articles of Incorporation and renumber the items following the current Article 2(6) accordingly. Add a new supplementary provision on the implementation date of this amendment to the Articles of Incorporation.
   Supplementary Provision
   (Implementation date)
   Article 1:
   The amendment to Article 2(6) of the Articles of Incorporation shall come into effect at the end of March 2022.

2. Reason for the Proposal
   The Company is advised to sell off all of the securities it holds for investment purposes within one year.
   The Company has disclosed that it holds no securities for purely investment purposes, however as at the end of March 2020, the Company holds non-stock securities exceeding ¥15.4 billion (including securities recorded as current assets), including bonds with a balance sheet amount of just under ¥11.5 billion. The Company's Articles of Incorporation provides for "holding and managing securities" as a business purpose, and these securities are held and managed for investment purposes.
   In the first place, the Company's shareholders do not expect the Company to profit from holding securities such as bonds. Instead, the shareholders expect the Company to increase its profits through its core business, and they hold shares in the Company on the basis of that expectation. The shareholders should not permit the Company to place upon them the risks associated with its holding of securities for investment purposes. A shareholder proposed to delete "holding and managing securities" from the purposes of the Articles of Incorporation last year, but the Board of Directors opposed the proposal on the basis that the holding of securities is essential for managing strategic funds, that these are strategic funds to allocate to new businesses and that the Company has generated cumulative operating profits of ¥3,087 million in the approximately 9 years of holding and managing securities since May 2011.
   However, the self-proclaimed "operating profit of ¥3,087 million in 9 years" is, according to the calculations of the proposing shareholders, equivalent to an internal rate of return ("IRR") of no more than 1.7%. This IRR is significantly below the Company's cost of capital, which has caused continued damage to shareholder value. In addition, the capital adequacy ratio of the Company is about 70% as at the end of December 2020, and factoring in the cost of capital of the Company, raising funds for M&A with interest bearing debt would improve shareholder value. Using securities to fund M&A is another factor that has continued to damage the shareholder value of the Company.
   It is highly probable that the Company allocated a part of the above securities in cash as funds for the acquisition of ThinFlex Corporation of Taiwan as a wholly owned subsidiary, which was announced in December 2020. However, even after acquiring ThinFlex Corporation of Taiwan as a wholly owned subsidiary, the Company's valuation remained low. It is clear that the Board of Directors' policy that "holding securities is essential for managing strategic funds to be allocated to new businesses" does not contribute to the improvement of shareholder value.
   For the above reasons, "holding and managing securities" should be removed from the Company's Articles of Incorporation and it should be made clear that the objectives of the Company do not include holding or managing securities for investment purposes. Further, as outlined in the supplemental provision, all securities should be sold within one year and used together with the sale price in Proposal No. 6 to improve the shareholder value of the Company.

○ The Board of Directors' Opinion

The Board of Directors opposes this proposal.

The Board of Directors believes that amending the Articles of Incorporation based on this proposal will hinder the Company's attempts to increase corporate value by acting as a restraint on the Company's business strategy, financial strategy and investment strategy.

The securities held by the Company are held as strategic investment funds to be invested in new businesses with high return on investment while maximizing synergies with existing businesses, as noted in the medium-term management plan announced on October 29, 2020. The Company's direction is to utilize these securities to expand the earnings base of the existing businesses and develop new use cases for existing businesses. The implementation of the public tender offer to make ThinFlex Corporation of Taiwan ("ThinFlex") a wholly-owned subsidiary, as announced on January 27, 2021, is a part of this kind of direction.

The Company holds ¥11,908 million of securities on its balance sheet as of March 31, 2021, including bonds with a trading price of ¥7,881 million, listed shares of ¥2,562 million, exchange traded funds of ¥1,054 million, and shares of non-consolidated subsidiaries/affiliated companies of ¥318 million. This represents a decrease of ¥3,857 million when compared to the Company's balance sheet holdings of ¥15,765 million as of March 31, 2020. In particular, the value of bonds with a trading price decreased by ¥3,808 million. This decrease was due to the proceeds from the sale of the bonds being used for the ThinFlex tender offer mentioned above.

To restrict the means of capital management from one investment to another in the articles of incorporation is not, we have determined, an appropriate corporate activity. We have further determined that we should preserve the ability of the Company to rely on various capital management methods, including to hold securities, as we pursue achievement of the goals in our medium-term management plan going forward.

Therefore, the Board of Directors opposes this proposal.

Proposal No. 6 Amendments to the Articles of Incorporation Related to the Sale of Strategic Shareholdings

1. Content of the Proposal
   The following chapter and article will be newly inserted in the current Articles of Incorporation:
   Chapter 7: Strategic Shareholdings
   (Sale of Strategic Shareholdings)
   Article 41:
   The Company shall, as at the date of this new Article coming into force, promptly sell of all of its strategically held shares during the 74th fiscal year.

2. Reason for the Proposal
   The Company holds 23 issues of strategic shareholdings with a balance sheet amount (non-consolidated) of ¥1,890 million.
   The proposing shareholders proposed the sale of strategic shareholdings last year. The Board of Directors opposed this proposal on the basis that the Company should be able to hold shares that contribute to increasing corporate value and impact on the Company's stability, formation/maintenance of long-term business relationships, business cooperation, and facilitation of collaborative business development.
   In the first place, it is not understood nor explained how holding these strategic shares will contribute to creating business relationships or to strengthening existing connections.
   Further, the balance sheet amount (non-consolidated) of strategically held shares of the Company as of the end of March 2020 has decreased by about ¥840 million from the end of March 2019. Even after deducting the decrease of approximately ¥70 million due to the decrease in the number of shares during the fiscal year ended March 2020, the impact of fluctuations in market value of approximately ¥770 million can still be seen. Considering this kind of impact that the holding of strategic shares can cause, the Company should sell off its strategic shareholdings in order to protect its financial soundness.

○ The Board of Directors' Opinion
   The Board of Directors opposes this proposal.
   The Board of Directors considers this proposal to be unfitting in nature for the type of fundamental rules and regulations of the Company to be set out in the Articles of Incorporation. The Board of Directors further believes that to include this type of proposal in the Articles of Incorporation may hinder the Company's development.
   The Company decides whether or not to acquire and hold shares in a particular business partner based on whether it will contribute to the medium-to-long-term corporate value of the Company. This determination takes into account the stable and long term business relationships with our business partners, business collaboration and/or the facilitation and strengthening of collaborative business development. These strategic shareholdings are holistically evaluated by the Board of Directors at the end of each fiscal year, taking into account the medium-to-long-term financial benefit and the strengthening and maintenance of relationships with business partners. We sell off those stocks that we view as not having adequate benefits of ownership or having a reduced need to be held in order to maintain business relations. Specifically, of the 12 listed stocks held as at the end of March 2020, we sold three in the 73rd fiscal year (fiscal year ended March 2021), and at the end of March 2021, we continued to hold nine stock positions. Going forward, we will continue to aim to reduce our holdings in such securities following evaluation of the effects of holding them, in order to contribute to shareholder value and corporate value.
   To require the sale of all stocks during the 74th fiscal year (fiscal year ending March 2022) as proposed in this proposal would require that we sell strategically held shareholdings that contribute to the Company's corporate value and have a significant, positive impact in terms of maintaining and building the Company's stable and long-term business relationships, and facilitating and strengthening business cooperation and collaborative business development. Such a forced sale would unavoidably have an adverse impact on the Company's relationships with its business partners, collaborating businesses and other business partners. The Board of Directors believes that such amendments to the Articles of Incorporation may hinder the Company's potential for medium-to-long-term growth, and accordingly, may damage the Company's corporate value.
   Therefore, the Board of Directors opposes this proposal.

Proposal No 7 Appropriation of Surplus

1. Content of the Proposal
   (1) Types of Dividend Assets
   Cash
   (2) Matters concerning the allocation of dividend assets and their total amount
   In addition to the dividend proposed by the Board of Directors and passed at the 73rd general meeting of shareholders (the "Company's Profits Appropriation Proposal") which dividend amount per common share shall be referred to herein as the "Company Proposed Dividend Amount," the Company shall also make a dividend distribution of an amount per common share equal to ¥48 minus the Company Proposed Dividend Amount.
   The 73rd net profit per share is rounded down to the nearest yen (the "Real EPS"). If the relevant amount is an amount other than ¥48 then the first ¥48 will be the Real EPS.
   Furthermore, the total amount of dividends will be the amount obtained by multiplying the above dividend per common share by the number of shares subject to dividends as of the recorded date of the voting rights in respect of the 73rd annual general meeting of shareholders.
   (3) The date when the surplus dividend becomes effective
   The day after the date of the 73rd annual general meeting of shareholders.

   In addition, if the Company's Profits Appropriation Proposal is proposed at the 73rd annual general meeting of shareholders, then this proposal will be additionally proposed as being both independent of, and compatible with, the Company's Profits Appropriation Proposal.

2. Reason for the Proposal
   The ¥48 referred to in this Proposal is the latest forecast of net profit per share as of April 23, 2021. This proposal plans to distribute all net profit, that is, a dividend payout ratio of 100%, regardless of the Company's proposal for dividends per share.
   As mentioned above, the Company has a high capital adequacy ratio of approximately 70%. We have repeatedly requested the Company to take measures to increase ROE and shareholder value by increasing interest-bearing debt, i.e., by increasing leverage. Despite this, under the Company's shareholder return policy, if a total return to shareholders of 60% continues, capital will build up and leverage will drop, which will mean that further increases in capital only reduce ROE. Returning surplus funds to shareholders will increase shareholder value and will eventually lead to an increase in stock prices. Therefore, dividends from the surplus should be increased. Further, we would like to make it clear that our proposed policy of adopting a dividend payout ratio of 100% from the fiscal year ending March 2022 onwards will not involve the Company accumulating capital in the medium-to-long term.
   In addition, even if the proposed disposal of surplus is implemented, the total dividend will be within the range of net profit, so it will not significantly change the level of capital, and the Company's financial condition will remain strong.

○ The Board of Directors' Opinion
   The Board of Directors opposes this proposal.
   The Company has set a policy to invest its earnings during the period in the development of new use cases and the maintenance and expansion of its earnings base, which are essential for the sustained growth of the Company, in the medium-term management plan, as well as to proactively allocate funds to shareholder returns. Under this policy, the Company targets allocating more than 60% of the Company's consolidated net profit to be returned to shareholders in light of the Company's mid-term performance goals during the period ending March 2025.
   The Board of Directors believes that to set the Company's dividend payout ratio to 100%, as recommended by this proposal, risks damaging the Company's investment for maintaining and expanding its earnings base and developing new use cases, which are necessary and indispensable for the Company's sustainable growth and improvement of its corporate value over the medium-to-long-term.
   Therefore, the Board of Directors opposes this proposal.

Proposal No. 8 Reversal of General Reserve

1. Content of the Proposal
   (1) Item of surplus to be increased and amount of increase
   Item: Retained Earnings Carried Forward
   Amount: ¥24,020,000,000
   (2) Item of surplus to be reduced and amount of decrease
   Item: General Reserve
   Amount: ¥24,020,000,000

2. Reason for the Proposal
   Since the 69th annual general meeting for shareholders, the Company has reduced retained earnings carried forward, which has been the key source of shareholder returns. Further, the Company has accumulated a general reserve fund every year, but has not provided any specific reason for doing so. Despite the Company's high capital adequacy ratio of about 70%, we would like the Company to stop adding additional reserve funds with an unknown purpose. We would like the Company to use the increasing retained earnings carried forward as a source of dividends to shareholders or as a source of share buybacks that are "appropriately considered" in the medium-term management plan to improve shareholder value.

○ The Board of Directors' Opinion
The Board of Directors opposes this proposal.
We set out in the medium-term management our aim to provide stable and proactive shareholder returns, and to return more than 60% of consolidated net profit to shareholders.
In this shareholder proposal, the total amount of the general reserve fund, which is ¥24,020 million, is to be reversed. The Board of Directors believes that transferring the entire amount of the general reserve to retained earnings and making it available for distribution by board resolution is in tension with improving corporate value over the medium-to-long-term through sound and sustainable growth and securing sustainable profits for shareholders.
Since its founding in 1909, the Company has endeavored to increase corporate value by consistently working on technical innovation and product development while also responding to user needs based on its own "Weaving, Coating and Molding" technology, all while maintaining good labor relations. The Board of Directors believes that it has an obligation to aim for sound and sustainable growth and improved corporate value over the medium-to-long-term, by continuing to foster the Company's history and accumulated technology.
Based on this philosophy, the Company has had distributions be determined after obtaining the approval of the shareholders at the shareholders' meeting. We have determined that it is necessary to accumulate a reasonable amount of general reserve in order to continue to provide stable shareholder returns and to secure sound and sustainable growth.
Therefore, the Board of Directors opposes this proposal.